

Promoting Sustainable Jobs

Promoting High Quality, Sustainable Jobs

One of the principles of Livable Delaware is Preserve our Quality of Life through Sustainable Development. The Delaware Economic Development Office is focusing its efforts on economic development that supports that principle.

There is a strong emphasis on re-development, preserving greenspace, and ensuring quality jobs are located where infrastructure exists to support them. DEDO has a commitment to local, small business startups and expansions that build on local indigenous strengths.

1. Emphasis on job quality rather than quantity

Traditional economic development organizations get caught up in a job “body count.” Not all jobs are created equally. DEDO will focus on encouraging jobs that raise Delaware’s standard of living through higher wages and paid medical and other benefits. For example, DEDO is applying a Self-Sufficiency Index to Strategic Fund grant applications. The index calculates the hourly wage required for families of various sizes to thrive without public assistance. The index is calculated for

Wilmington, Newark, Dover and all three counties.

Not spending taxpayer dollars to attract jobs that may qualify for public assistance makes common sense. Also, the emphasis on quality jobs – especially in high-tech areas such as biotechnology – grows our standard of living with cleaner, fewer, higher-paying jobs that may have less of an impact on the environment, transportation infrastructure and our quality of life.

2. Focusing on Delaware’s industry clusters

Clusters are groups of inter-related industries that drive wealth creation in a region, primarily through export of goods and services. An industry cluster is different from the classic definition of industry sectors because it represents the entire value chain from suppliers to end users, including supporting services and specialized infrastructure.

DEDO’s new cluster-based economic development strategy concentrates on building on our economy’s existing strengths. A grow-our-own strategy is less likely to stress infrastructure and degrade quality of

Promoting Sustainable Jobs

life. The strategy focuses on attraction of firms that will support existing companies and skilled labor. The strategy also proactively nurtures a business climate that helps our strongest sectors grow.

Data analysis was utilized by DEDO to make the first cut of the clusters to focus on initially. However, qualitative factors also entered into the discussion. For example, DEDO chose not to focus on the transportation/distribution cluster because it would result in more truck traffic and a proliferation of large, featureless buildings and lower-paying jobs – even though the data indicated a strong concentration of economic activity within that cluster.

3. Build an entrepreneurial culture in Delaware and enhance its non-urban entrepreneurial capacity

Nationwide, 50% of all private sector workers work for small businesses. They annually create 75% of the new jobs. DEDO will help implement Governor Minner's New Economy Initiatives, including her proposals to encourage the growth of high-tech start-up companies – spawning clean, high quality jobs that will

provide Delaware with sustainable economic growth.

DEDO will help Delaware's non-urban areas recognize their unique assets and acquire the tools for growing successful entrepreneurs, enabling smaller businesses to grow and prosper throughout the state. A strategy of linking capital resources, connectivity and collaboration to build entrepreneurial capacity in smaller communities fits with Livable Delaware's principle of managing growth and guiding it to areas where existing services and infrastructure can handle it.

DEDO has conducted an initial assessment of the state's readiness to embark on a non-urban economic development strategy and recommended next steps. That effort won recognition from the federal Small Business Administration.

4. Create Infrastructure and Intergovernmental Relations Center of Excellence

DEDO historically has not been actively involved with the Land Use Planning Act. When DEDO was created in 1982, all land use planning functions were re-located to agencies

Promoting Sustainable Jobs

that were more likely to influence planning decisions. The traditional view of most economic development agencies has been that job creation takes precedence over concerns such as sprawl, congestion, environmental issues, etc. While a leader in GIS in the early 1990s, DEDO has not taken advantage of dramatic improvements in GIS technology as it has been applied to land use in Delaware.

DEDO will be a stronger partner in promoting more efficient community design where commercial and residential uses are co-mingled. DEDO will become engaged in the discussion over efforts to rezone and/or convert industrial land to residential use or parkland. Available commercial sites are rapidly dwindling, especially in New Castle County, and there should be an awareness of the importance of maintaining commercial sites where appropriate.

Within the new organizational structure of DEDO, there are six (6) supportive Centers of Excellence. One of the Centers is Infrastructure and Intergovernmental Relations. This Center will have several accountabilities related to Livable Delaware:

- Active participation in Land Use Planning Act/ Preliminary Land Use Service (PLUS) process where appropriate, especially when we have an opportunity to promote more progressive mixed-use (commercial/residential) development.
- A byproduct of that participation is interaction with other state agencies to become more familiar with environmental and traffic issues throughout the state and develop knowledge of DNREC and DelDOT permits, Clean Air Act emissions credits, Coastal Zone restrictions, Voluntary Cleanup Program, drainage/stormwater management, DOE, Department of Agriculture, Public Service Commission and other relevant state regulatory programs that affect development.
- Following the revised Strategies for State Policies and Spending, DEDO will help direct employers to growth areas where land is appropriately zoned and infrastructure is already in place.
- Actively promoting infill, reuse of existing sites and development of brownfields over “greenfields.”

Promoting Sustainable Jobs

- Enhancing our GIS expertise to be able to pinpoint appropriate sites within state's growth zones that are appropriate for development.

5. Promoting infill and redevelopment

Promoting infill and redevelopment is another key principle of Livable Delaware. In 2001, the General Assembly passed Senate Bill 183, which enabled the use of up to \$1 million a year in Strategic Funds to be used for brownfields matching grants. The first project to receive a matching grant under this legislation was Cannery Village in Milton, a conversion of the abandoned Draper King Cole Cannery complex to a mixed-use development with a diversity of housing styles and light commercial uses.

In 2003, Bond Bill epilogue language doubled the maximum amount of matching grant from \$50,000 to \$100,000 for sites that would include job creation. The total amount available for brownfields redevelopment and whether updated regulations are required will need to be addressed during the 2004 session.

Another issue being addressed is the brownfields application process from DNREC through DEDO. Through collaboration with DNREC, the business community and the Governor's Office, the state is streamlining the brownfields certification and application processes. A new brownfields coordinator positioned in the DNREC Secretary's Office will continue to troubleshoot these processes and liaison with DEDO.

6. Implementing the Governor's Energy Agenda

There are several recommendations within the Governor's Energy Task Force report that DEDO is responsible for implementing.

Recommendation B (i). As part of its economic development strategy, the State should recruit advanced energy technology companies and end-users with targeted financial initiatives.

As part of its cluster-based economic development strategy, DEDO will be attempting to cultivate entrepreneurial startups in high-tech fields such as environmental and energy technologies. New dollars will be recommended to seed startups, fund

Promoting Sustainable Jobs

Delaware-based venture capital opportunities, and provide incubation, technical, business and capital resources to these types of companies. A new Entrepreneurial and Small Business Support Center of Excellence and a new Capital Resources Center of Excellence are being established to provide assistance to just these types of companies.

More specifically, Governor Minner has recommended \$800,000 in performance-based grants to companies that manufacture certain clean-energy components such as solar cells, photovoltaic cells, fuel cells and wind-energy turbines. This legislation will be specifically targeted for the retention of the manufacturing jobs at Astro Power; but could also be used in conjunction with other incentives to encourage clean-energy companies to locate in Delaware.

Recommendation B (ii). The State should facilitate the development of a Fuel Cell Research Institute focused on basic and applied fuel cell technology research.

DEDO has been working closely with the University of Delaware, DuPont

and WL Gore on this concept and developed a detailed white paper outlining the potential for fuel cell research in Delaware and why the State should match the \$1 million earmark from the federal government for fuel cell research in Delaware. Governor Minner has proposed a state investment of \$200,000 a year over five years to match funds provided by the private sector and the University of Delaware.

Recommendation B (iii). The Delaware Economic Development Office and the State's electric utilities should address the needs of "high power quality" customers.

High-reliability power is a basic building block for the New Economy in Delaware. Understanding it and providing access to it could provide us with a strategic advantage in attracting high-technology manufacturers, research and development, and other high-paying, sustainable jobs. The first step is for DEDO to understand this issue, the needs of businesses that require high-reliability power, and the barriers to providing it. Our new Center for Infrastructure and

Promoting Sustainable Jobs

Intergovernmental Relations will be charged with this responsibility. This group also will research tools and incentives available in other states that encourage utilities to make this higher quality power available.

“Brownfields”

Defining a Brownfield

Brownfields are vacant or underused properties passed over for development because of obstacles such as real or perceived contamination. Brownfields have enormous potential for economic development, but they have failed to attract the private market due to concerns about liability and the potential costs involved in clean-up to acceptable environmental standards.

Recently, states and the federal government have introduced various initiatives to redevelop brownfield sites. These initiatives offer opportunities to revitalize urban areas by returning abandoned or underutilized brownfields to

productive use. Despite these opportunities, there are many challenges to brownfield reuse. The main risk is uncertainty. Older industrial properties introduce unknown issues about environmental conditions, costs, time frames, and long-term liability.

Good coordination between local, state, and federal government entities, strong community participation, the availability of liability relief and financing, and understanding cleanup standards, are essential to bring about the advantageous results that brownfield development offers.³⁶

The General Accounting Office estimates that there are 400,000 to 500,000 brownfield sites across the country. Brownfields come in all shapes and sizes: a closed gas station or dry cleaner, a vacant warehouse, an abandoned rail yard, a former coal plant, or a shuttered steel mill, to name a few.³⁷

³⁶American Planning Association (APA) web site, www.planning.org, Legislative Priorities.

³⁷APA web site, www.planning.org, “Toxic Turnabouts”, December 1998.

Promoting Sustainable Jobs

Infill and Redevelopment

Maintaining a Clear Edge between Town and Countryside

Delaware has many strong cities and towns as well as healthy rural landscapes. To safeguard the rural character of Delaware, it is good practice to maintain a clear edge between cities, towns, and countryside. This can be done by protecting agricultural land and open space while encouraging more compact, walkable communities. Another tool is encouraging infill development on vacant, underused, or overlooked land near transit and on reclaimed former industrial sites (brownfields). By maintaining this clear edge, Delaware can preserve its rural landscapes and at the same time enhance the vitality of its existing communities.

Infill as an alternative to sprawl

Delaware is developing land at a much faster rate than its population is growing. Although development on the urban fringe undoubtedly represents new investment, it also accounts for substantial long-term public costs. According to a report by the U.S. Office of Technology

Assessment, a single home built on the urban fringe requires \$10,000 more in public services than one built in the urban core.

One alternative to land consumptive suburban sprawl is to encourage more infill development. This makes more efficient use of public and private infrastructure by putting additional persons where roads, schools, sewers, and water lines already exist.

This does not mean overcrowding; in fact, many of Delaware's cities, small towns, and older suburbs have lost population in recent decades – so there are many opportunities for infill development on vacant lots, underutilized parcels, or abandoned properties, including former industrial sites.

Density with Amenities

Many worthy projects, including both infill development and green field development on the edge of town, have met with community opposition. The public may perceive compact development as a bad thing, but the problem is that in many projects density comes without any compensating amenity. Density with

Promoting Sustainable Jobs

Infill and Redevelopment

amenity can and does sell. Two of the most important amenities are high quality design and green space. For most people, the character of the neighborhood is far more important than the size of the lot.

Government Incentives to Offset High Cost

Local fees and costs for development, including construction impact fees, which fail to factor in the benefits of smart development can increase land and construction costs. Also, a shortage of suitable infill sites can make smart growth more expensive and complicated. Local and state governments need to provide incentives for the reuse of historic structures, brownfield development, downtown revitalization, development near transit, and other infill projects.

To encourage development near transit stops, Fannie Mae has started a pilot program offering “location-efficient mortgages.” The program enables buyers who purchase homes near transit lines to qualify for larger mortgages, since they no longer have to spend as much on personal transportation. Under the Smart

Commute Initiative, eligible home buyers who purchase a home in Delaware within three-quarters of a mile of a rail station or bus stop may qualify for a mortgage. Borrowers may be able to have their qualifying income expanded to represent a portion of the savings they should realize from using public transportation.

Communities and organizations interested in downtown redevelopment should contact the “Delaware Main Street” program, which is administered by the Delaware Economic Development Office. Delaware Main Street helps historical commercial districts promote economic stability and enhance their unique sense of place.

Advantages of Infill Development:

- Uses existing roads and utilities
- Located close to cultural facilities, parks, and other amenities
- Provides certainty of development patterns
- Saves money for developers and residents
- Makes communities more walkable

Promoting Sustainable Jobs

Infill and Redevelopment

- Increases concentration of people near transit stops making it a more viable option

Infill development has considerable financial benefits. Using existing utilities and infrastructure reduces costs. A variety of federal and state tax incentives exists for rehabilitating historic buildings. Programs such as a Local Enterprise Zone can provide incentives for investment. An often overlooked advantage of investing in an infill site is the certainty provided by a mature development pattern and known neighbors.

Examples of Infill in Delaware

Successful and attractive infill projects can be found throughout Delaware. The Delaware Department of Natural Resources and Environmental Control have helped to remediate several sites including:

- A run-down building in the City of Wilmington was remediated after being vacated by a painting business. The Moveable Feast, a catering business, relocated to the site, invested over \$400,000 in building renovations, and hired 5 new employees.
- On Route 9 in New Castle, a contaminated car dealership was refurbished to become the new office for Wik Associates.
- A vacant Wilmington Housing Authority apartment building had fallen into disrepair, SBM Housing Inc. is in the process of remediating and rehabilitating the building for an SRO complex for 54 homeless men.
- The Delaware College of Art and Design has restored two vacant office buildings in downtown Wilmington for offices, classrooms, and student housing.
- Shipcarpenter Square, a successful infill project in Lewes, added residential units in a way that complements the surrounding rectilinear street pattern of this historic town. Rather than using a suburban-style layout with curvilinear street and cul-de-sacs, its 36 lots are arranged along a U-shaped street enclosing a 2-acre community green. All of the houses are 18th and 19th century historic homes rescued from demolition and moved to the site.

Promoting Sustainable Jobs

Infill and Redevelopment

- Other examples of redevelopment in Delaware are Cannery Village, Ships Tavern District, the Residences at Rodney Square, and a residential development on the Wilmington Riverfront.

Trends Affecting Infill Development

- Inner-city residents have far more money to spend than stores in which to spend it, according to the U.S. Department of Housing and Urban Development (HUD). In 48 cities studied, retail sales were \$8.7 billion less than the resident's buying power.
- Downtowns across America are reporting a strong increase in people choosing to live in center-city neighborhoods, townhouses, and loft apartments. The prime reasons for this are decreasing city crime rates, close access to urban amenities, and increasing traffic congestion in the suburbs.
- Growth in the over-65 senior population – expected to double in the next 20 years – is increasing the demand for infill housing close to activity centers. At the other end of the spectrum, young adults who are bored by

the suburbs want to live closer to the action.

- Although Delaware offers many fine examples of downtown and neighborhood rehabilitation, much of its urban heritage is threatened by the abandonment and demolition of historic buildings, including schools, post offices, and other historic structures. Likewise, road construction, insensitive infill development and suburban sprawl threaten Delaware's historic resources. As with our natural resources, we must identify what is important and develop strategies to maintain our historic resources.